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Annual Report

OF

The Social Credit Board

FOR 1939

Submitted to the
Legislative Assembly of the Province of Alberta
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INTRODUCTION

The momentous events of 1939 moved with dramatic swiftness, and, with the outbreak of war last September, the British Empire and the world generally entered upon what is likely to prove the most crucial period in human history.

In our opinion it is impossible to view the provincial situation in proper perspective—either as regards the past or the future—without a clear and definite appreciation of the issues involved in the rapidly developing world situation. We have, therefore, divided our report into three parts.

Part 1, dealing with the trend of world events and the basic issues which are at stake, provides the essential background for Part 2 which deals with matters coming within the sphere of the work entrusted by you to the Board. In Part 3 we view the likely trend of future events in the light of available evidence.

Your Board desires to stress at the outset that, in our view, the matters which we are bringing to your attention are of such tremendous importance, that they justify the most searching and impartial consideration by all.

Part 1.—THE WORLD PICTURE

1. The Visit of Their Majesties

The earlier part of 1939, so far as Canada was concerned, was centred in the never to be forgotten visit of Their Majesties, the King and Queen. The demonstrations of loyalty and devotion of the Canadian people accorded to Their Majesties during their triumphant tour of the Dominion was proof indeed of the deep-rooted ties which unite the British Commonwealth of Nations.

It would be impossible to exaggerate the importance and significance of Their Majesties' visit to Canada as a determining factor, not only in the future destiny of our country, but possibly of the British Empire.

The personal contact between the King and His People, which the occasion afforded, brought home to an entire nation, with a depth of feeling that would have been impossible otherwise, a full realization of what the British Crown means to them—the constitutional rights and liberties of the British peoples, their free institutions and the traditions and ideals of the British way of life. And these are all centred in a single word—sovereignty.

The sovereignty symbolized by the British Crown is the sovereignty of a commonwealth of free peoples. Everything which is precious to the British peoples rests upon their constitutional sovereign rights. To destroy that sovereignty, centred in the Crown, would mean the destruction of the British Empire and everything for which it stands in the chaotic world of to-day.

Yet even while these thoughts were engaging all our attention, forces were being unleashed in the world to attack the British Empire—both from without and within—and to divest the British people of the source of their power and inspiration, their sovereignty.

2. The Battle of the Ages

During the summer months of last year, the growing tension in Europe developed with staggering rapidity towards war. The menace of totalitarian aggression which had for so long threatened Europe and, in fact, the world, deliberately provoked the armed intervention of the British Empire and the French nation.

It is not our purpose to deal with the events which led up to the outbreak of hostilities involving the nations of the British Commonwealth. We shall, however, endeavour to show that the issues which are being fought out on a world scale, and which are centred

in the present war, rendered the war inevitable and the intervention of the British nations imperative.

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The chaotic conditions of our present day world, and the growing strife both between nations and within the national life of countries, are the natural results of a universal conflict between two mutually antagonistic and irreconcilable social philosophies.

On the one hand we have the social philosophy of democracy—embodying the principles of Christian teaching and identified with the traditional ideals of the Anglo-Saxon and Celtic peoples and those upon whom these have exerted an influence, whether in the British Empire, France, the U.S.A., or the Scandinavian countries. Everything we know as British culture has its roots in the way of social life we term democracy.

The basis of democracy is sovereignty of the people. This social system is the product of the principle “love thy neighbour as thyself.” It implies the association and willing co-operation of free people in the attainment of objectives they desire in common. In other words, as we have been at pains to point out repeatedly, democracy is a very definite social system and can be defined as “government and management of a people’s affairs to yield them the results they want.” Therefore the people must be the supreme—the sovereign authority to decide the results and ensure obtaining them.

Democracy means the greatest possible decentralization of power. In a democracy the State and its institutions exist to serve the people—and therefore the individual citizen. Personal freedom to the greatest degree possible within social life, and personal security to the maximum extent which the available resources render possible, are the natural objectives of a democratic order.

In striking contrast to this we have a social system we alternatively term dictatorship and totalitarianism. This is the product of a social philosophy which is a denial of every single fundamental principle of democratic or Christian social philosophy. It is based on the pagan or barbaric view of human relationships which has its roots in the law of the jungle.

Under totalitarianism all power is centralized in the hands of the people’s rulers, who arrogantly identify themselves with the State. Totalitarianism results in the manipulation of the many by the few. Those who gain power are invariably the type of individual in whom “the will to personal power” is strongly developed. Deception, trickery and intimidation are their weapons. Once in control they assume absolute power backed by armed force. Under totalitarianism, the organization of the State demands absolute obedience to its titular heads from the people—in other words the State is supreme and individual citizens merely exist to serve the

State. The price of such measure of security as the people may be allowed is subservience to their rulers.

The natural result of the totalitarian social system is the slavery—mental and economic—of the people, a continual struggle for power by the more venturesome, the suppression of individual initiative and the consequent decline of culture, ruthless methods of regimentation and the deliberate extermination of religion—for under totalitarianism only one diety is tolerated, the State and the ruling hierarchy.

The conflict between these two diametrically opposed and mutually antagonistic social philosophies—the Democratic or Christian concept and the Totalitarian or Pagan concept—has been growing in intensity until to-day they are battling for supremacy in a struggle from which one will rise supreme.

The logical development of totalitarianism is world tyranny under a supreme dictatorship. Hence the adoption of a totalitarian system by any country inevitably leads, in time, to aggression against other countries.

The traditions, aspirations, ideals of the British people and everything they value, is centred in the democratic and Christian social philosophy.

3. The Menace of Totalitarianism

The two social philosophies outlined above are the only two alternatives facing humanity. Every social system, whatever label may be attached to it, conforms to the basic principles of either the one or the other. Moreover, there can be no compromise in the inevitable clash between these mutually antagonistic social philosophies.

The conflict between the democratic way of social life and that inherent in the pagan gospel of totalitarianism has reached the dimension of a life and death struggle. Upon the outcome of this will be determined the future of civilization and the fate of humanity for centuries. The evidence is overwhelming. In fact, there are few persons to-day who do not recognize that the world is on the eve of vast and far reaching changes in the social life of nations.

To understand the nature of the issues involved is to realize that the alignment of nations at the outbreak of war had a deeper significance than surface appearances indicated.

Even if as yet the peoples of the British Empire and France have not realized their social aspirations, yet within them is a deep-rooted and passionate adherence to the ideals of the democratic philosophy. It was but natural that they should unite to meet the armed threat of totalitarian aggression.

At this point it becomes necessary to examine the various brands of totalitarianism which, during the years following the last war, have firmly established themselves in Europe. For years people have been led to believe that Bolshevism on the one hand, and Fascism and Nazi-ism on the other were bitterly antagonistic. Yet within the space of a few days prior to the outbreak of war, Bolshevism and Nazi-ism were standing shoulder to shoulder.

Reference back to the basic principles of the two social philosophies of totalitarianism and democracy will show that there is no fundamental difference between the social systems of Bolshevism, Nazi-ism and Fascism. They all conform to a uniform pattern of the absolute centralization of power, the ruthless suppression of any opposition to the ruling hierarchy, mass regimentation, glorification of the State and the subservience of the individual to the State and its institutions.

It is significant to observe that in each case the systems adopted by these countries were the product of socialism. Nazi-ism is National Socialism. Bolshevism or Sovietism is the product of Marxian Socialism. Fascism is a product of Guild Socialism.

We feel it is imperative to draw attention to this obvious fact because of the dangers inherent in the open attack against the democratic institutions of the British people which is being made under cover of the propagation of socialistic and pseudo-socialistic ideas.

4. International Finance

The most powerful totalitarian power in the world is International Finance. By its control of the financial systems of countries, through a network of central banks and the control it has over international banking houses and international exchanges, this Money Power dominates and controls the lives of entire nations.

Under a money economy, money is literally a license to live. The amount of money an individual possesses determines the extent to which he has economic security and, within certain limits, freedom of action. Money confers the power to do and use things. Without money, the average individual is destitute and impotent.

The control of the issue and withdrawal of money confers the power to determine the extent to which people may have economic security and freedom of action. This control in every country is vested in a highly centralized and closely guarded monopoly—and ultimate control is further centralized on an international scale.

The outstanding feature of the chaotic state of the modern world has been, for some years, the condition generally referred to as poverty amidst plenty. With abundant resources and productive methods equipped to provide economic security on a scale which staggers the imagination, the peoples of all nations have been subjected to widespread poverty and destitution, with huge debt burdens and ever-mounting taxation steadily rendering their plight

worse. The rise of vast monopolies and combines, the systematic elimination of the independent producer and merchant, and the centralization of control in every direction have steadily brought about a state of economic mass regimentation.

These conditions have not been confined to certain countries. They have been general. It is obvious, therefore, that they are the product of a deliberate policy.

Any doubts on the matter can be removed by considering the facts. Production was restricted because producers could not sell their products. They could not sell their products because the people, though desperately in need of the goods which could be provided in abundance, did not have the money with which alone they could obtain them. They lacked purchasing power—and hence were forced to live in poverty and want. The condition was, and is, essentially the product of the financial system, as are the twin financial vampires of debt and taxation.

It was, and remains, the deliberate policy of those who, in the final resort, control the financial systems of the world—namely, International Finance—to centralize control, thereby increasing their own power.

Every policy is the product of a philosophy, and it should be evident that the policy pursued by the financial rulers of the world is the product of the totalitarian and pagan philosophy. Is it any wonder that the decline of culture, the operation of jungle law in human relationships, the progressive regimentation of entire nations and growing revolt against the increasing oppression are universal features?

It should be obvious that the deliberate goal of the International Money Power is world dictatorship. To achieve this, it has to destroy democracy. To destroy democracy, it must destroy the constitutional sovereign rights and free institutions of the peoples of the democratic nations—and that would mean the destruction of the British Empire.

5. Conclusion

Each day the issues which are being fought out in the world are becoming clearer. The forces of totalitarianism are being challenged with increasing vigour by the forces of the social philosophy identified with democracy. The battle of the ages is taking shape.

In this growing conflict, the social philosophy we know as Social Credit is destined to be the determining factor. The credit of society is rooted in the belief inherent in society that individuals in association can gain the results and objectives they want. This is the very foundation of the democratic system of government. Democracy is the government and management of a people's affairs to yield them the conditions and results they want. In other words, democracy involves the realization of their social credit by the

people. A Social Credit order and democracy are synonymous terms.

We are only too conscious of the sketchy outline of the situation and of the grave issues involved with which, owing to the obvious restrictions of space, we have been obliged to content ourselves.

However, we submit that the foregoing analysis provides an adequate foundation for a much wider consideration of the world situation than those aspects of it to which we have confined ourselves.

For example, an understanding of the clear issues involved in the growing universal conflict, the fundamental principles underlying those issues and the source from which the conflict is being directed, cannot fail to provide the key to such questions as the following: From what source have the totalitarian nations been receiving the support necessary to enable their regimes to entrench themselves behind powerful armed forces? From whence has emanated the favourable propaganda for various brands of totalitarianism? What power is behind the organized attack being made on democratic institutions everywhere? And so forth.

Moreover, a full appreciation can be gained of the terrific nature of the struggle ahead of the British people—a struggle in which powerful armed enemy nations must at all costs be defeated decisively, and at the same time the sinister and hidden forces of internal disruption must be overcome.

It is our belief that Alberta can make an important contribution in this great and historic task.

Part 2.—PROGRESS IN 1939

1. In Retrospect

- (a) The objectives of Social Credit reform are the objectives of a democratic order, namely:
- i. To confer upon the people the maximum degree of personal security and personal freedom rendered possible by available resources and modern production methods.
 - ii. To *decentralize* power in both the political and economic spheres so that, to an increasing extent, individuals can secure from their institutions the results they want.
 - iii. To carry out the necessary reforms to achieve the foregoing in a manner which will ensure a smooth transition from the existing order to the new order.

- iv. In short, Social Credit reforms aim at the establishment of political and economic democracy without disrupting the social life of the people.
- (b) The position facing this Assembly immediately after the election of its members in 1935 can be summarized thus:
- i. With abundant resources within the province to provide adequate food, clothing and homes for every man, woman and child in Alberta, there existed widespread poverty, crushing debt burdens and restricted production; at the same time a serious unemployment problem existed.
 - ii. This state of affairs was the direct result of the operation of the financial system which, as elsewhere, provided the people with inadequate purchasing power.
 - iii. The policy of credit restriction leading to financial poverty, intolerable debt burdens and unnecessarily harsh economic stringency was being imposed on the people through the financial system and was in direct conflict with the conditions desired by the people. Thus it was the bankers' policy which prevailed—not the people's. In fact, the democratic right of the people to determine policy was being usurped by the financial interests. Instead of democracy, financial dictatorship had the province in its grip.
 - iv. The people had given their duly elected representatives a clear and definite mandate to reform those conditions in accordance with their wishes, so that economic security and freedom for all would be established.
 - v. The constitutional right of the people to confer this mandate on their representatives, whose constitutional right it is to legislate accordingly, surely cannot be disputed. The province is sovereign in matters coming within its constitutional jurisdiction—and civil and property rights are reserved to the province. The primary and basic civil right of a provincial democratic electorate is the right to determine the results and conditions they obtain from the management of affairs coming within provincial jurisdiction. (Otherwise the term "civil rights" becomes meaningless.) "Property rights", if it has any meaning, is the right to determine the allocation and use of property within the province—i.e. the resources of the province.
 - vi. However, before steps could be taken to reform the foregoing situation, an immediate problem which had to be faced by the administration was the chaotic state of affairs in the finances of the province and in organization of its services.

- (c)
- i. After a thorough revision and re-organization of the finances of the province and initial measures to systematically increase the efficiency of its services, the administration turned its attention to the reforms for which it had received such an overwhelming mandate.
 - ii. The preliminary steps taken to this end were immediately met by implacable and carefully organized opposition from the financial interests. It was deemed advisable to invoke the constitutional right of the province to assert the civil and property rights of the people.
 - iii. *The Credit of Alberta Regulation Act* provided for the supervision of credit institutions operating within the province to the limited extent of ensuring that in their administration of the monetary system under Dominion charter they should conform to the democratically expressed policy of the people in this province and refrain from usurping the civil and property rights of the people. No interference with the administration of the banks was involved, and the government undertook to provide the banks with the necessary assistance in carrying out their responsibilities under the Act. In short, the Act merely provided for the establishment of a democratic social system in the province, without interfering with the affairs of any other province.
 - iv. Following the expression of anger and panic expressed in the financial Press of the world, this Act was disallowed by the Federal Government. This action was a denial of the elementary democratic rights of the people of Alberta, and displayed, in an acute form, the clash between centralized power and the will to effect decentralization of power.
 - v. After a series of legal battles, clearly indicating the implacable determination of the financial interests to exercise to the full all their power and influence to prevent the province from freeing itself from their domination, a carefully prepared course of action was introduced as an interim step towards the province gaining control of its credit resources, which control is the key to its economic freedom.

2. Purpose of Interim Programme

It is necessary to review briefly the purpose for which the Interim Programme was established before proceeding to a statement of the results it has yielded during the current fiscal year.

When it was evident that the province would be denied its rights in the legislative field in connection with any essential measure which threatened the powers of the financial institutions, it became necessary to pursue the struggle for reform by other methods.

The domination of the economic life of the province—and, for that matter, of the nation—by International Finance operating through the financial institutions is rendered possible to the extent only that the people acquiesce. This acquiescence is forced on them by the fact that the financial institutions have an absolute monopoly and the people have had no alternative but to use the banks in the transaction of their every-day business. Given the alternative of institutions under their own effective control, through which they could obtain the necessary facilities for doing their business, (in the exchange and transfer of goods and services,) the people would be in a position to gradually discard the use of the private institutions whose domination they have had to accept. In other words, the people could, by their actions in transferring their support from financial institutions controlled from outside the province to their own institutions, use their power in the economic sphere to establish their democratic rights.

Therefore the primary step which had to be taken was to provide the people of this province with the facilities for conducting their exchanges of goods and services through institutions under their own control.

For this purpose it was not necessary to set up an alternative banking structure, as such. One of the major functions of the financial system is to provide an elaborate system of book-keeping to record the transfer and exchange of goods and services—and obviously such a service could be provided for the people without necessarily going into the money creation business, at any rate at the outset.

In framing the initial stages of the Interim Programme, cognizance had to be given to its development along sound lines which would, in the process, yield the maximum results to the people in terms of increased purchasing power.

The administration of the Programme was organized under two branches:

- (a) The Treasury Branches and Agencies coming under the Treasury Department.
- (b) The Marketing Board organization coming under the Department of Trade and Industry.

The objectives of the Interim Programme, (which, it must be emphasized, involves a progressive course of action to be developed systematically over a period) were:

- (1) First and foremost to provide the people with a province-wide network of Treasury Branches and Agencies which would progressively provide them with the means of gaining increasing control of their own credit resources.
- (2) To encourage the development of Alberta industries by securing an increasing demand by consumers for Alberta-made goods—thereby bringing into play factors which would pro-

gressively stimulate the development of provincial resources and yield increasing purchasing power to the people.

- (3) To demonstrate on a small scale the inherent rightness of the measures being advocated for more extensive application—and towards the establishment of which the Interim Programme would be developed.

(For particulars of Treasury Branches system, see leaflet “How to Use Your Treasury Branches.”)

3. Progress Under Interim Programme

- (a) As at January 31, 1939, there were 13 Treasury Branches established and Treasury Branch Agencies operating at 66 points.

On January 31, 1940, there were 30 Treasury Branches and 6 sub-Branches operating at key points throughout the province, in conjunction with 315 Agencies.

This programme of expansion was, in the main, carried out during the seven months prior to the outbreak of war, since when, consolidation of the facilities already established has taken precedence over expansion of the Treasury Branches system.

- (b) In spite of the difficulties in establishing an entirely new organization over an extensive area and involving training of staff, explanation to the public and so forth, and in the face of the hostility and opposition this action invoked from quarters sympathetic to the financial interests, the results have been spectacular during the first full year's operations.

These results are summarized below:

- (c) **Summary of Main Features as at Dec. 31, 1939
from Inception of Treasury Branches**

i. Total number of Branches and sub-Branches	36
ii. Total number of Agencies	315
iii. Total deposits	\$1,705,623
(Representing a steady expansion of demands on Canadian Currency, not for the most part in use, as the transactions were being carried out with cash orders and non-negotiable vouchers. This temporarily immobilized fund provides, under orthodox methods, the basis for a potential credit expansion of about \$16,-000,000.)	
iv. Total number of accounts	31,265
(This number represents over one-tenth of the total number of persons in the province in a position to open accounts.)	
v. Total turnover of Treasury Branches	\$43,322,553

vi.	Estimated total of actual transfer of goods and services (approx.)	\$18,000,000
vii.	Estimated total of transfer voucher business included in vi. above (approx.)	\$ 6,000,000
viii.	Total bonuses paid to consumers	\$ 69,927
ix.	Expenditure in establishing and operating Treasury Branches and Agencies (including consumers' bonuses)	\$ 326,702
x.	Deduct refund on consumers' bonuses	\$ 69,927
Actual net cost of establishing and operating Treasury Branches and Agencies.....		\$ 256,775

(d) **Summary of Improvement in Economy of Province Under Operation of Interim Programme, during 1939**

i.	Increase in Wholesale Sales (approximate)		
	1938	1939	Increase
	\$ 89,000,000	\$ 92,000,000	\$3,000,000
ii.	Increase in Retail Sales		
	1938	1939 (approx)	Increase
	\$161,491,000	\$168,000,000	\$6,509,000
iii.	Decrease in Unemployment—Monthly average of persons in receipt of Unemployment Relief		
	1938	1939	Decrease
	(11 months to Nov. 30)	(11 months to Nov. 30)	
Monthly Average	55,435	44,566	10,869

NOTE: For the five months in 1939 prior to the outbreak of the war, Alberta lead the whole of Canada in its decrease of unemployment.

- (e) It may be argued that the consumers' bonus shown above (c)x as a **deduction from** the cost of establishing and operating the Treasury Branches structure should be shown as an expense.

This is an entirely false view, as the bonus allocations represent claims on goods and services being transferred from one account to another, and need no more become a claim on the cash funds of the province than, for example, the aggregate credit balances of the banks will have to be met by the cash holdings of those institutions. The essential difference is, of course, that the consumers' bonus is a clear debt-free addition to purchasing power, and represents a modest instalment of the "credit in association" of those using the Treasury Branches. For book-keeping purposes, it

is shown as a liability for which provision need be made only in the event of liquidation being contemplated, which is not the case. However, because of the buoyant condition of provincial revenue due to the marked improvement in conditions, there is being maintained at present 100% *cash* reserve against all consumer bonus allocations.

- (f) A criticism has been raised to the effect that the Treasury Branches have not shown a profit. On the contrary the Treasury Branches have shown an amazingly large profit—to the people of the province.

Owing to the false accountancy methods employed under orthodox rules, there is a tendency to view this matter from a false angle.

An orthodox book-keeping profit could be shown by the Treasury Branches only if they had **withdrawn from the people** more purchasing power than they had distributed. For example, the banks can make a book profit only at the expense of the public's purchasing power. As the purpose of the Treasury Branches is to increase and not decrease purchasing power, it would have been an alarming situation had an orthodox book-keeping profit been shown as a result of the year's operation.

The real measure of the profit shown by the Treasury Branches and Interim Programme is the increase in purchasing power, as reflected by increased retail sales, obtained for the actual net cost of maintaining the Treasury Branch services. On this basis, reference back will show that for the expenditure in establishing and maintaining Treasury Branches since the inception of the scheme, the public obtained a very marked gain in purchasing power as reflected by increased retail sales. After making full allowance for all factors contributing to this improvement, the result shows a highly satisfactory return to the people to say the least of it.

But when it is borne in mind that no newly established business is expected to yield profitable returns for three or four years at the earliest, the full significance of the first year's operations of the Treasury Branches System can be appreciated.

The foregoing result was obtained though the Treasury Branches system did not handle even as much as 10% of the trade transactions of the province. Some measure of the effects to be expected from the development of the Interim Programme can be gauged from this.

4. Work of Board Members

The members of your Board concentrated their work throughout the past year on the development of the Interim Programme:

- (a) During the nine months ended December 31, 1939, members of your Board addressed 542 meetings at various points in the province. These included public meetings and meetings of merchants, for the purpose of explaining different aspects of the Interim Programme and other matters contributing to the conservation and enhancement of the social credit of the province.
- (b) A feature of these meetings was a series of lectures, illustrated by lantern slides, to bring to people's attention the variety of Alberta's expanding industries and the importance of buying home products.
- (c) In addition to the foregoing, thousands of personal contacts were made by members of your Board—these included Treasury Branch agents, manufacturers, merchants, press and publicity representatives, members of trade organizations and persons desiring explanations concerning some special aspect of the Interim Programme. The value of the personal relations with the public which were thus established has, unquestionably, been great.
- (d) During the past year, your Board has dealt with a large volume of correspondence from every part of Canada and the United States, besides maintaining contact with persons in New Zealand and Australia. This correspondence has revealed a rapidly growing interest in and support for monetary reform in general, and Social Credit reform in particular. It has been encouraging to note the increasing support emanating from influential quarters.

5. Publicity

It is essential to the building of a vigorous democracy that the people should be constantly kept informed about how their affairs are being managed and regarding other matters of public importance. Moreover, in the interests of the province's development, full publicity should be constantly provided for prospective tourists, producers and so forth, about the special advantages offered by Alberta. The need for a publicity bureau, under expert direction, had been evident for some time and, after careful preparation, a Provincial Publicity Bureau was established at the beginning of last year.

The Publicity Bureau has made splendid progress during the twelve months it has been in operation, and your Board has taken full advantage of its services in publicizing the facts regarding the province and the leadership it is giving on questions of economic and monetary reform.

We would, in particular, draw the attention of the Assembly to the invaluable work of the Publicity Bureau in:

- (a) Providing the Press with a reliable service for obtaining authoritative information on matters concerning government policies.

- (b) Organizing a proper publicity service for building up the tourist trade of the province.
- (c) Establishing contact with the public through the Press, by radio and through the media of printed matter to ensure that the people are informed on important matters of government policy. In this connection the number of explanatory booklets and pamphlets issued by the Board during the year was 272,900.

Though we have referred briefly and in general terms to the work of the Publicity Bureau, it would be impossible to exaggerate the value which this new and growing public service will be to the development of the province. The excellent work it has already done, and the progress it has made in twelve months, is deserving of high praise.

Part 3.—LOOKING FORWARD

The supreme task facing Canada and every nation within the British Empire is to ensure the speedy and decisive defeat of the totalitarian enemies of the British peoples. Upon our success depends the future of civilization and ordered society.

In these matters there arises a question of priority in regard to the action which has to be taken. For example, a nation at war is faced with one single dominating and immediate objective, namely, to mobilize its resources in order that it can concentrate force of overwhelming strength against the enemy at the right time and in the right place to ensure the decisive defeat of the enemy's forces. In this matter, nothing dare be left to chance, neither can the demands of war take cognizance of purely arbitrary or artificial barriers to the attainment of the objectives of victory over the enemy.

War is a means to an end, and not an end in itself; and in the prosecution of war, cognizance has to be taken of the end to which it is directed. The purpose may be negative, such as the prevention of an enemy power from imposing its will upon and dominating the nation. On the other hand, the purpose may be positive—for example, the attainment of some objective desired by the nation which involves the defeat of the enemy power.

The final objective in the present war cannot, in the very nature of the situation, be negative for Canada, or the other British nations fighting the menace of totalitarian Nazi Germany and its possible allies. There are three dominating aspects of this question.

In the first place, there can be no return to the old economic order after the war. The tremendous problems of huge and pyramiding debts, ever mounting taxation and diminishing purchasing power, problems, which were acute before the war, will be in-

creased by the exigencies of war conditions to dimensions which will wreck all national economies, unless they are met courageously and solved in time to avert disaster.

Secondly, it will be obviously impossible for Canada or any other of the British nations to put forth their maximum effort in mobilizing their resources for war purposes under a ramshackle economic system that could not serve the requirements of peace, let alone stand up to the tremendous strain which the demands of war will place upon it.

Finally, if the aspects of the situation reviewed in the first part of our report are considered, it will be evident that the fight of the British people against the totalitarian powers is not confined to the war against Nazi Germany, but also against the same forces of totalitarianism which are undermining and attacking all democratic peoples from within. For the most part, the persons engaged in this attack from the rear are the unconscious tools of those whose cause they are serving, which renders this menace all the more dangerous.

* * *

With the foregoing considerations in mind, your Board has viewed the future development of the Interim Programme and other steps towards the attainment of a Social Credit order—i.e. towards an order yielding political and economic democracy.

The first and dominating factor to be kept in mind is the need for every part of Canada to put forth its utmost contribution in the national war effort.

Secondly, to do this in a manner which will ensure that, in the process, sound foundations are being laid for the new order which, of necessity, we must establish after the carnage and destruction of the present conflict is ended. That new order can be only a virile and functioning democracy—both political and economic: in other words, what we know as a social credit order.

Finally, in these matters we must recognize the basic principles involved in the struggle between the conflicting social philosophies of democracy and totalitarianism, and we should resist to the utmost any and every attempt to further totalitarian principles, while at the same time the democratic principles are being progressively established as the basis of the new order.

We have already reviewed the nature of the struggle for economic reform which has been proceeding in this province, and we have shown that it is essentially a conflict between the democratic forces of the people and the totalitarian forces of International Finance.

We have outlined briefly the circumstances in which the Interim Programme was introduced and its purpose in providing the people with the means of overcoming financial domination.

If the situation is viewed dispassionately in the light of all the factors involved, it should be evident that it is indeed fortunate the Interim Programme has been developed to its present stage. With this steadily growing means of self-help, the province will be in a position to increasingly expand the contribution it can make towards the national war effort. Without it the people would have been obliged to accept as the sole means at their disposal, the dangerous limitations and restrictions of a financial system which had already rendered their plight desperate and left practically undeveloped the vast resources of the province.

Moreover, the development of the Interim Programme will enable the people of Alberta to demonstrate, within the limits rendered practicable by circumstances, the possibilities of reform on a nation-wide scale, while at the same time a sound foundation is being laid for meeting the problems and dangers which will confront our country as the war progresses. Thus can our province give invaluable leadership to our nation at this critical time—and, at the same time ensure making its maximum contribution towards the defeat of the forces of totalitarianism.

* * *

Taking the situation as it is, the clear indication for the development of the Interim Programme is to provide **additional facilities** for the greater use of their credit resources, by the people of Alberta.

While this can be done to a limited extent within the existing framework of the Treasury Branches system the development would be slower and the difficulties greater than would be the case if the province could operate under a suitable bank charter granted by Parliament, to ensure non-interference from the Federal Government. Provided the scope of the charter was sufficiently comprehensive, the province could, within a reasonably short time, demonstrate conclusively the inherent soundness of the reforms it is advocating, and which it has elaborated in Part II of The Case for Alberta.

Broadly speaking, this feature of the development of the Interim Programme covers the main requirements of:

- (a) Providing increased facilities to enable the province to put forth its maximum contribution in the national war effort,
- (b) Establishing a social foundation for the new economic order towards which we are striving,
- (c) Concurrently providing for the rapidly improving social conditions which will accompany the systematic development of the enormous resources of the province.

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In conclusion, it is necessary to refer to some of the dangers and possibilities which face the nation and the people of this province at the present time.

The evidence is overwhelming that the objective of International Finance in the present struggle centred in the war is the destruction, for all practical purposes, of the British Commonwealth of Nations as the bulwark of democracy.

There can be little doubt that the forces controlled by International Finance will be invoked to concentrate on the weakening of the sovereign power of the people, by means of a progressive centralization of power. The rapid increase of the debt structure as a result of the war, the introduction of large scale planning under bureaucratic central control, the imposition of harsh regulations and the rapid increase of taxation are methods which have already proved successful in consolidating financial control in the past under the pretext of war conditions. Therefore they are likely to be the methods used by International Finance at the present time in the pursuit of its objective of world domination, while the attention and energies of the nations are directed towards the successful prosecution of the war.

It will be surprising if we do not witness a determined drive for the rapid centralization of power during the coming months. And to anyone who realizes the danger, it will be evident that nothing short of a determined resistance against every move directed towards the centralization of power will avert the disaster towards which it is deliberately designed to lead us.

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Thus we face a future never more pregnant with possible disaster for humanity, and yet never richer in its possibilities of building out of the chaos and carnage of a dying social order, a civilization of unbelievable beauty, dignity and prosperity for humanity.

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All of which is respectfully submitted by your Board to honourable members of this Legislative Assembly of the Province of Alberta.

G. L. MACLACHLAN, *Chairman*.

Members of the Board:

F. M. Baker, A. J. Hooke, G. L. MacLachlan, Dr. J. L. McPherson.

